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SUBJECT: MALAYSIA HOSTS GROUP OF 8 ISLAMIC DEVELOPING
COUNTRIES SUMMIT (D-8) //CORRECTED COPY; TEXT FORMAT//

¶1. (SBU) Summary: At the Sixth D-8 Summit hosted by Malaysia July 7-8, leaders from eight developing majority-Islamic countries focused on the recent steep global rise in food and fuel prices, and pledged to increase their intra-group trade and investment. Iranian president Mahmoud Ahmadinejad used the forum to attack the U.S. and others for discouraging the "peaceful use of nuclear energy" by any country, especially in a time of high global oil prices. Senior GOM officials refrained from commenting on the Iranian president's rants. End Summary.

¶2. (U) The sixth Developing Eight Countries Summit (D-8) took place in Kuala Lumpur July 7-8, 2008. Established in 1997, the D-8 comprises Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey. Five of the eight leaders attended the summit, including Iranian president Mahmoud Ahmadinejad (Egypt, Nigeria, and Turkey were represented by lower level officials). Malaysia is taking over the group's chair from Indonesia, and will maintain the chair until the next summit in Nigeria in 2010.

¶3. (U) The 25-point declaration issued at the summit's conclusion emphasized trade and investment, noting at the outset the D-8's call for a "meaningful and fair conclusion" to the WTO Doha Round; the group also expressed "full support" for Iran's accession to the WTO. The group's leaders endorsed a 10 year trade roadmap aimed at boosting economic cooperation and trade among the members, with a goal of boosting intra-group trade to about 15-20 percent of their total trade by 2018.

¶4. (U) The summit's theme of cooperation was belied somewhat by reported contention between Malaysia, which wanted the summit to focus on rising food and fuel prices, and Iran, which discouraged a discussion focusing on fuel prices. In the end the summit declaration emphasized the need to address food price increases. However, while noting the "vital role of energy to achieve sustainable development and growth", the declaration also urged the international community to address oil price rises. In this regard it called for enhanced collaboration in a number of areas, including "peaceful uses of nuclear energy." In a post summit press conference, Malaysian PM Abdullah noted the group's intent to cooperate in efforts to raise agricultural production of major crops. Before the summit he had called for a halt to the widespread conversion of arable land around the world to produce bio-fuels; after the summit, he pledged that Malaysia would not increase its oil palm acreage (though neither would it decrease current acreage).

15. (U) Before the summit Malaysian Foreign Minister Rais Yatim stated that the issue of Iran's nuclear program would not be placed on the agenda. However, in interviews with Malaysian press both before and after the summit, Ahmadinejad stated that all countries should be able to use nuclear energy without restrictions, and he suggested that nuclear technology could be applied in certain manufacturing and agriculture sectors to boost economic development. Ahmadinejad said Western powers such as the U.S. and the UK opposed Iran's quest for nuclear power because they wanted to sell their own crude oil and gas to Iran once Iran ran out of such resources itself. He also blamed U.S. policies that fostered a weak dollar as contributing to high crude oil prices.

16. (SBU) Comment: Although the D-8 purports to be a grouping of like-minded countries seeking to enhance trade and investment among themselves, its intra-group trade remains relatively inconsequential. Malaysia's cumulative trade with the other seven D-8 countries currently accounts for only 4.9% of its total global trade, and only Indonesia among the seven falls within the ranks of Malaysia's 20 top trading partners. Although the summit declaration is loaded with action verbs, the underlying thrust is that the developed world must do more to address issues like food and fuel prices (as exemplified by PM Abdullah's statement that Malaysia would not consider a cut in oil palm acreage).

17. (SBU) Comment continued. The D-8 Summit likely would attract little attention outside its member states were it not for the presence of the outspoken Ahmadinejad, for whom such an event provides a platform to criticize the U.S. and others. Local press widely covered Ahmadinejad's remarks,

who spoke out several times during his brief visit to Malaysia. Although Malaysia tolerated the Iranian president's statements, we did not detect any hint of official Malaysian acquiescence to his more outrageous claims, especially regarding supposed U.S. complicity in the rise of global oil prices. While Ahmadinejad provided ample opportunity to jump in, Malaysian officials also steered clear of the Iran nuclear issue.

KEITH